

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SOURCE:

1. Most of Czechoslovakia's 19 regions had regional storage warehouses for chemicals. The administrations of these regional warehouses were responsible for the distribution of chemicals in their respective regions (approximately half the production of the plants and factories under the Ministry of Chemical Industry was shipped directly to consumers and the rest to the warehouses for eventual distribution; the warehouses were responsible only for those chemicals which passed through warehouses). In carrying out their distribution function, these warehouses were subordinate to the Commercial Division of the Eighth Main Administration, Ministry of Chemical Industry.
2. Of all the regions in Czechoslovakia, the Prague Region stored the greatest and most varied amount of chemical goods. According to law, the total value of all chemical goods in storage warehouses under the Commercial Division was not to exceed 625,000,000 crowns at any given time; if the total value of chemical goods in our warehouses exceeded this amount, as was usually the case, an interest rate had to be paid as a penalty on the value of goods above the maximum figure. Since the Prague Region normally stored goods valued at 230,000,000 crowns, its importance as a storage center is readily apparent.

SECRET

25X1A

717

SECRET/SECURITY INFORMATION

-2-

25X1A

3. The headquarters for the chemical storage warehouses in the Prague Region was located in Prague VII, Holosovice, on Argentinska 28. The staff, which comprised about 50 people, was under the supervision of Jan DRECHSLER, [REDACTED]. The administrative staff of this headquarters was subdivided into three departments: Commercial Department for Chemicals, Commercial Department for Dyestuffs, and Financial-Administrative Department. With the exception of the Commercial Department for Dyestuffs, which was found only in the Prague Region, the organization [REDACTED] is the pattern generally followed in other regional storage warehouses. The fact that Prague is the only region which stores and distributes dyestuffs explains the existence of a Commercial Department for Dyestuffs in its administrative organization. 25X1X
4. The Commercial Department for Chemicals, under Jan (?) KRAJICEK, contained sections which corresponded to the sections in the [REDACTED]. Each of these sections comprised one to three people. The functions of these sections, and of the Department, may be described as threefold: 25X1X
- a. Each section was responsible for receiving and distributing the chemicals under its jurisdiction. For example, the section handling heavy chemicals carried out commercial transactions with consumers of heavy chemicals.
 - b. Secondly, although the Ministry's yearly distribution plan included over-all deliveries to warehouses and shipments from these warehouses to consumers, the Commercial Department for Chemicals drew up plans for such details as quantities and dates of delivery and shipment.
 - c. This Department also received complaints on the quality of goods which it shipped to consumers. If these complaints could not be resolved by discussions with the consumer and the factory, [REDACTED] In general, defects in the quality of chemical goods were of two types: 25X1X
- (1) Hidden defects (skryte vady), which cannot be detected until the goods are used. Complaints of this nature had to be made, according to law, within six months of receipt of the goods. When a consumer's complaint was about hidden defects, the Commercial Department for Chemicals took the matter up with the factory where the chemical was produced. It was very difficult to prove and affix the blame for hidden defects. If a factory was found responsible for a hidden defect, it had to replace the goods which were proved to be defective.
 - (2) Open defects (otkryte vady), which are detectable by testing, were usually considered the fault of the warehouse for accepting goods which could be proved defective before they were used. If a warehouse was found responsible for defective goods, it had to pay the consumer their cost price.
5. The Commercial Department for Chemicals also had a section which was responsible for the transportation of chemicals. The shipping of chemicals was particularly difficult and complicated because of the numerous strict regulations covering such items as how various chemicals should be packed, which chemicals could not be shipped together, etc. Attention had also to be paid to keeping transportation costs down; according to law, the warehouse paid for transportation costs from the railroad station of the factory to the

SECRET

warehouse, and the consumer payed shipping costs from the warehouse to its plant. The average warehouse had two or three five-ton trucks for short-distance runs.

6. The Commercial Department for Dyestuffs consisted of about 20 people under the supervision of Peter SIMEK. This Department was subdivided into two sections, one which received shipments of dyestuffs and another which sent out shipments of dyestuffs. The functions of this Department were, generally speaking, threefold:

a. Storage and distribution of dyestuffs, particularly of foreign-made dyestuffs, which were stored in Prague (most of the dyestuffs produced in Czechoslovakia were stored at the two plants producing them, one at Usti nad Labem and the other at Rybitvi /5003N-1542E/). All commercial transactions conducted by this Department were supervised by the Ministry's Commercial Division in the Eighth Main Administration.

b. Determination every three months of which colors and how much of each of them were to be produced. The plan for over-all yearly production was set by the Ministry's yearly plan, but, because it was impossible to determine the needs for different dyestuffs on a yearly basis, every three months this Department prepared a detailed list of the various colors and amounts of each of them needed for the following three-month period. This was accomplished at a joint meeting [redacted] referred to as "misci porada" (meeting to determine mixtures); these meetings were attended by members of this Department and technicians from the dyestuffs factories at Usti nad Labem and Rybitvi. Before a meeting took place, this Department would have consulted all users of dyestuffs in Czechoslovakia to determine their needs for the next three months. The meeting usually ended with the technicians' point of view prevailing, inasmuch as they knew the capacities of their respective factories.

c. The third function of the Commercial Department for Dyestuffs was to dispose gradually of a stockpile of foreign-made dyestuffs which had been accumulated by various Czech industries prior to the Communist seizure of power. In 1950, these dyestuffs were purchased by the Ministry's Eighth Main Administration and stored in Rochlice, a suburb of Liberec. The Ministry's policy was to use these dyestuffs, insofar as possible, before relying on the production of Czech dyestuffs factories. As a rough estimate, [redacted] the value of these dyestuffs, in July 1952, at 300,000,000 crowns and the amount at about 2,000 tn.; this stockpile of dyestuffs was being used at the rate of 200-300 tn. a year.

7. The Financial-Administrative Department consisted of about 15 people under the supervision of (fnu) KRATOCHVILLOVA. The functions performed by this Department are best explained by describing the various sections into which it was subdivided.

[redacted] this Department had the following five sections:

- a. Finance Section (Finanoni Oddeleni). The financial plan for the warehouses in Prague Region was prepared by this section; it also kept periodic checks on financial plan fulfillment.
- b. Bookkeeping Section (Hlavni Uctarna Oddeleni). Records of the business transactions conducted by the warehouses in Prague Region were kept by this section.
- c. Wages Section (Mzdova Uctarna Oddeleni). This section computed wages for warehouse employees in the Prague Region. The wages were based on established norms.

SECRET

SECRET/SECURITY INFORMATION

-4-

25X1A

- d. Supply Section (Zasobovaci Oddeleni). Warehouse supplies and equipment for the Prague Region were procured and distributed by this section.
- e. Section for the Control of Containers (Obalova-Uctarna). This section was responsible for keeping track of all containers which were re-usable, e.g., carboys, barrels, etc. Because of the great demand for containers, this section had to maintain extremely accurate records.

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